

MINUTES OF THE
JOINT HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE
Wednesday, January 30, 2008
Room W125, West Office Building, State Capitol Complex

Members Present: Sen. Allen Christensen, Co-Chair
Rep. Merlynn Newbold, Co-Chair
Sen. Chris Buttars
Sen. Peter Knudson
Sen. Ross Romero
Rep. David Litvack
Rep. Roz McGee
Rep. Paul Neuenschwander
Rep. Paul Ray
Rep. Richard Greenwood

Members Absent: Rep. Steve Urquhart

Staff Present: Russell Frandsen, Fiscal Analyst
Debbie Headden, Fiscal Analyst
Joan Tiffany, Secretary

Public Speakers Present: Rep. Becky Lockhart
Kathy Froer, Executive Director, Utah Association Local Health Offices
Mike Weibel, Bear River Health Department
Gary Edwards, Director, Salt Lake County Health Department
David Sundwall, Executive Director of Operations, Utah Department of Health
(UDOH)
George Delavan, Director, Community & Family Health Services, Utah
Department of Health
Michael Hales, Director, Utah Department of Health/ Department DHCF
Senator Chris Buttars
Barry Nagle, Director, Health Data, Utah Department of Health
Rep. Brad Daw
Richard Melton, Deputy Director, Utah Department of Health
Todd Grey, Chief Medical Examiner, Utah Department of Health (OME)
Teresa Garrett, Div. Director-Laboratory Services, Utah Department of Health
Nate Checketts, Bureau Director, CHIP, Utah Department of Health
Erin Johnson, Epidemiologist

A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Christensen called the meeting to order at 2:15 p.m.

1. **MOTION:**

Rep. McGee make a motion to pass the minutes of January 28 and the amended minutes of the January 16 morning meeting.

This motion was passed by Sens. Christensen, Buttars, Romero, Reps. Newbold, Neuenschwander and Greenwood voted aye. Sen. Knudsen, Reps. Litvack, Urquhart and Ray were absent for the vote.

2. H.B. 258 Request for Funding for Medicaid Prescriptions

Rep. Becky Lockhart addressed H.B.258 concerning funding in the fiscal note amount of \$25,300.00 from General Fund for Medical prescriptions to be refilled as written without substitutes whether brand names or generic. This applied to the transplant patients in the Medicaid program.

3. Local Health Departments Building Block Request

Kathy Froer discussed local public health departments. Mike Weibel discussed S.B.46 sponsored by Sen. Knudsen which passed this bill last year. The fiscal note was trimmed from \$2,000,000 to \$500,000 and accounted for the monies spent. He explained that personal shortages due to lack of funding plus the cost of living rate causes many shortages in the department. He stated that because of the outbreak of diseases in the Bear River District, restaurants are not being inspected and they are falling short on other requirements. He spoke of the active TB cases and the man hours needed to insure that the patients are being treated. Concern about local health departments breaking down was stated and asked for allocations for a \$2 million dollar increase. Gary Edwards expressed his support for this increase.

4. Early Intervention-Baby Watch-Caseload and Provider Rates

Analyst Russell Frandsen discussed Issue Brief 09-06 Early Intervention/Baby Watch-Caseload. Last year this line item received \$2,280,600 in new ongoing General Fund for the Baby Watch/ Early Intervention program. The funds were used for program growth of 144 additional children and to raise the non-Medicaid child rate from \$3,500 in FY 07 to \$4,123 in FY08. The agency indicates that monies also prevented three contracted service programs from discontinuing their contract. The Department has requested \$1,028,300 ongoing General Fund for a 5% projected caseload growth.

Baby-Watch/Early Intervention is a program within the Bureau that provides early developmental interventions statewide for young children with developmental delays and/or disabilities from birth to age three. Services include evaluation and assessment, service coordination, specialty and services such as nursing, physical therapy, occupational therapy, speech therapy, special instruction, family support and other related services.

The Analyst recommends funding this request with \$1,028,300 ongoing General Fund with savings from the Medical Assistance Line Item Reduction (see Issue Brief DOH-09-20 "Medicaid Funding Adjustment").

George Delavan distributed a fact sheet on the "Utah Partnership for Healthy Weight". He requested the additional funding and gave examples of where the money is needed. Mr. Delavan referred to the Baby Watch/Early Intervention Program and the funding requested. He discussed the funding request and explained that the severely delayed children are assisted but not the mildly delayed cases because of caseload problems. Rep. McGee inquired as to the number of children reached by the program. Rep. Newbold asked about autism and the Utah Partnership of Healthy Weight and both questions were addressed by Mr. Delavan.

5. Medicaid Restricted Account

Mr. Frandsen discussed Issue Brief 09-17 Medicaid Restricted Account for information only. The Medicaid Restricted Account within the Department of Health receives unexpended General Funds monies for the Medical Assistance and Health Care Financing Line Items. One reason for expended funds is actual caseload coming in lower than budgeted. Utah Code directs that funds expended from the Medicaid Restricted Account may be appropriated by the Legislature to expand medical assistance coverage beyond the traditional Medicaid qualifications. As of January 5, 2008, the unencumbered and available fund balance was \$8,082,200. Interest earnings on the account could exceed \$400,000 for FY 2008.

Utah Code directs the monies may be appropriated by the Legislature to expand medical assistance coverage to those low income persons not traditionally covered by Medicaid qualification criteria. Utah Code specifically mentions Utah Children's Health Insurance Program as one option for using the money. A few examples of past appropriations from this fund include:

1. \$2,090,200 one-time FY 2007 supplemental to pay the lawsuit settlement approved by the Attorney

General, the Governor and the Legislative Management Committee to the Rocky Mountain Group nursing homes.

2. \$565,000 one-time in FY 2008 to offset the loss of the Federal Reimbursed Overhead to the Executive Director's Office of Health from the transfer of Medicaid Eligibility Systems to the Department of Workforce Services.

3. \$1,000,000 one-time in FY 2008 to help fund a design study of a new Medicaid Management Information System.

Rep. Neuenschwander asked about the ongoing General Fund requests and Mr. Frandsen explained. Michael Hales explained that this is one-time money for Medicaid use. Sen. Christensen asked about availability and the vulnerability of the money and this was addressed by Mr. Hales. Sen. Christensen expressed that this should be used for Medicaid only. Rep. Litvack asked about the Medicaid budget and stated a request to see a breakdown of this account to see where the money was allocated during the difficult years. Rep. McGee asked about federal funds used and Mr. Hales explained that this is state money only. Sen. Buttars was concerned about the protection of the fund. Dr. Sundwall asked about the clarity of spending be explained more fully. Mr. Frandsen responded that a restricted account needs approval as to how they are spent. Conversation about line items within the budget was explained concerning their appropriations with examples given by the Analyst.

6. Follow Up on S.B. 189 (New Choices Waiver)

Mr. Frandsen discussed Issue Brief 09-08 Follow up on S.B.189 (for information only). S.B.189 "Medicaid Home and Community- Based Long- Term Care" from the 2007 General Session required the Department of Health to help pay for food as well as room and board for a limited number of clients in a new home and community-based long-term care services program (New Choices Waiver). The federal government does not provide matching funds for these two costs. These clients were being served under the Long Term Care-Managed Care program and will now be served under the New Choices Waiver. S.B.189 is only available for a limited number of clients who lack the personal income to pay for these costs on their own and for those who, with out this assistance, would be forced to return to a nursing facility.

The fiscal note estimated a cost of \$393,000 ongoing General Fund to implement this program, based on a service load of 60 clients. The Department now estimates a client usage of 30 and states that the \$214,000 one-time General Fund appropriation will be enough to serve all targeted clients. The program will subsidize a needy client's rent and food payment up to \$800 per month. The original estimate subsidy was set at \$500 per month, but was increased to \$800 upon the Department's review of the actual individual cases. There are currently eleven clients participating in the program, the average monthly cost per client is \$508 per month.

Rep. Litvack asked if this was a one-time funding and if there is an ongoing need for it. Mr. Frandsen addressed this question.

7. Prada-Willi, Appropriations Request

Sen. Chris Buttars discussed the Prada-Willi syndrome and the request for \$60,000 for a case manager budget. The disorder is explained as one where the patient has an eating disorder where they do not recognize when they are full and also extreme behavioral problems. Many die from a ruptured stomach. The funding would be used to relieve the main care giver as it is a 24 hour ongoing concern. Rep. Newbold asked if this is a disability and if insurance or Medicaid covers these services. Mr. Hales explained that some care is on Medicaid but not a 24 hour service.

8. Health Care Cost and Quality Data

Dr. David Sundwall referred to the handout supporting a statewide information exchange. He stated that they

are building upon the Utah Health Information Network (UHIN) and expressed the need to get five essential things on the web for a statewide information exchange-medications, allergies, x-rays, ER visits and lab work. This would help process claims, help make better diagnosis, and no repetition of testing in some cases. \$500,000 one time funding for Clinical Health was requested. Sen. Christensen commented on examining x-rays in more than one facility. Rep. Newbold asked about H.B.47 and Dr. Sundwall commented on it and explained funding from the different agencies. Reps. Neuenschwander and McGee asked for a comprehensive comparative sheet to keep track of the information. Sen. Butters voiced his support for this technology.

Barry Nagle, PHD, discussed information needed for the true cost of medical care with the appropriation for one time funding in the amount of \$650,000. Rep. McGee questioned the Analyst concerning arecommendation for this request and Mr. Frandsen responded with no recommendation. Sen. Butters voiced his concerns about accountability of costs in health care.

9. H.B. 119-Controlled Substance Database Amendments

Rep. Bradley Daw explained this bill. Currently ,when a prescription is written for a controlled substance,there is a delay in showing in the data base. He proposes that all information will be entered into DOPL (Department of Professional Licensing) data base, therefore helping the medical community and law enforcement recognize abuse. The fiscal note is one time General Fund amount of \$650,000 to set up a data base and an on-going amount of \$175,000 from General Fund to maintain it. Sen. Christensen asked who would operate this and was told that it is a DOPL responsibility. Sen. Litvack asked about the appropriations from this Committee and not to the Committee that funds that agency. Rep. Newbold asked about the data base and was addressed by Rep. Daw. Sen. Christensen was informed by the fiscal analyst that this was being heard in the wrong Committee for funding and Rep. Daw acknowledged it.

10. Prescription Pain Medicine Management

Rep. Daw spoke about H.B.137 from 2007 continued funding for educational purposes. Dr. Sundwall expressed his support for this bill concerning education concerning the abuse of prescription drugs. The Governor's request is \$100,000 in General Fund to continue the program to educate the public, the physicians and families to reduce the drug deaths in the state. Rep. McGee expressed her appreciation to the sponsor for explaining the title as she misunderstood it. She suggested that the title be changed to "Prescription Drug Misuse". Dr. Sundwall extended this support for educating the public and stated that drug abuse kills more people than car accidents. Rep. Litvack asked for an explanation of spending for this programs. Erin Johnson explained the appropriation for this funding.

11. IT Product Manager

Dr. Richard Melton explained that there is a need for an IT Product Manager for the Executor's Office with a business and IT knowledge. The funding request is \$115,000 in General Fund for one FTE. There was a handout explaining the duties of this position.

12. Office of the Medical Examiner

Analyst Frandsen discussed Issue Brief 09-07 Medical Examiner-Caseload and Issue Brief 09-18-Medical Examiner Equipment. The Office of the Medical Examiner (OME) has been working with caseloads at or above what is considered a national accreditation violation since FY 2003. Caseloads have increased 9.3% since FY 2007 with no increase in pathologist staff. FY 2008 year-to-date caseloads through November are 8% above the same period last year.

The OME is responsible for the investigation and certification of any sudden and/or unexpected death, which occurs within the State of Utah. The OME is involved to a varying degree in approximately 25% of the deaths in Utah each year. Utah's OME lost accreditation in 1995 because highway deaths are not automatically under medical jurisdiction in Utah Code. This is an ongoing accreditation deficiency even though Utah Code permits

law enforcement officers to request OME involvement. Law enforcement officers request OME involvement in about 60% to 70% of all highway deaths.

The Analyst recommends that \$160,000 ongoing General Fund for the Office of the Medical Examiner's new pathologist, be placed on the funding priority list. The Analyst also recommends that the Subcommittee place \$70,000 ongoing General Fund and \$50,000 one-time General Fund on the priority list for new Medical Examiner equipment

Rep. Greenwood asked about clarification concerning the lost accreditation and commented on the subject of automobile crashes and asked what it would take to be eligible for this accreditation.

Dr. Todd Grey explained this issue and stated that the department needs three FTE's to handle the caseload. He also stated that they are being called to 60% of the automobile deaths now and have a shortage of workers. The department would like to get re-accredited and explained the shortages in the department that delays this action. Rep. Greenwood had concern about the OME not being involved in the investigation of highway deaths. Dr. Grey addressed this issue and stated his department's extreme need for more staffing.

13. Public Health Reporting and Surveillance

Teresa Garrett explained the job of the Public Health Department. She discussed West Nile Virus, SARS, Cryptosporidia outbreak and other public health scares. Ms. Garret displayed three of the four boxes of paperwork that the department received for the 2000 cases of Cryptosporidia outbreak during the two month period this past summer.

The vision of the department is to have integrated tracking and reporting systems that can transfer public health, laboratory and clinical data efficiently and securely over the Internet. Utah-National Electronic Disease System (UT-NEDSS) funding request if for ongoing funds of \$740,400 to cover ongoing costs and one-time funding of \$1,300,000 for the purchase of the system. She stated that she worked with the Department of Technology Services as well. Dr. Sundwall stated his support for Public Health Department as a priority appropriation.

14. Sexually Transmitted Diseases

Ms. Garrett referred to the DOH handout Fact Sheet. Chlamydia is the number one reported communicable disease in Utah with gonorrhea being number four. These infections are most often "silent " and go undetected. There are several serious consequences and based upon data from a 1998 study, 1,164 (30%) women in Utah with Chlamydia may develop pelvic inflammatory disease (PID) of which 698 (60%) women will have a "silent" PID. Utah rate of infection for females 15-24 years of age is twice that of any other intermountain state. We are at a rate of infection of 11.3 women per 100,000 and the other states are at 6.7 in this age group. She gave statistics on interventions of testing and medications to lower health care costs.

Rep. McGee asked if this is tied to H.B.15 and Dr. Sundwall stated that the money from this bill should go to more than just education on the subject. Sen. Buttars asked what number 2 and 3 diseases were on the list and was told that numbers two and three were vaccine preventable-staph infections and chicken pox.

15. Laboratory Equipment

Ms. Garrett discussed the request for funding for the Utah Public Health Laboratory (UPHL) to purchase a state-of-the-art laboratory testing instrument-a Liquid Chromatograph-Tandem Mass Spectrometer (LC/MS/MS) to meet new standards and provide quality testing services to a variety of public and private agencies governed by local, state and federal regulations. Many of these regulations have changed and the UPHL is currently unable to meet the needs of the customers. Additionally, this equipment will dramatically enhance staff safety. She referred to the Fact Sheet in the handout on the five reasons why this equipment is needed.

16. Medicaid Funding Adjustment

Analyst Frandsen reviewed Issue Brief 09-20-Medicaid Funding Adjustment. The Medicaid Assistance Line Item saw decreases in its actual spending levels from FY 2006 and FY 2007 of (\$33,292,900) Total Funds. It lapsed \$12,266,800 Total Funds (\$11,567,300 General Fund) in FY 2007. The spending levels in the Medical Assistance Line Item are primarily driven by caseload numbers. Caseload figures have been dropping or remaining level every month since March 2006. From November 2006 to November 2007 total Medicaid enrollment declined over 4 percent from 165,500 to 158,100. Medical Assistance is a joint federal/state entitlement service that provides health care to selected low-income populations. The program is commonly referred to as Medicaid. The Administrative support that determines eligibility and processes the applications and payments for this program is primarily in the Health Care Financing line item.

The Analyst recommends that the Medical Assistance Line Item be reduced by (\$2,158,900) ongoing General Fund and (\$5,270,000) Federal Funds due to lower than budgeted caseloads. The Analyst further recommends the General Fund amounts be reallocated to fund \$1,028,300 ongoing Early Intervention caseload (see Issue Brief 09-06-Early Intervention/Baby Watch-Caseload) and other items on the priority list.

Michael Hales asked for no additional money but requested that the Committee not follow the Analyst's recommendation to cut the base budget. Sen. Christensen asked about the allocation of the existing money and this was addressed.

17. CHIP Funding Adjustment/CHIP Building Block Request

Mr. Frandsen discussed Issue Brief 09-11-CHIP Funding Request. Last year the Children's Health Insurance Program (CHIP) Line Item received \$2,000,000 ongoing General Fund and \$2,000,000 one-time General Fund Restricted-Tobacco Settlement Funds for expanded CHIP enrollment. CHIP has expanded outreach efforts and will have open enrollment through all of FY 2008. Preliminary estimates show enrollment below budgeted levels. The program currently estimates that it will lapse all the one-time funding at the end of FY 2008. In order to use all the \$2,000,000 ongoing General Fund in FY2009, CHIP must go from 31,700 enrolled children in November 2007 to 39,000 by June 2008, a growth of approximately 1,000 children every month. CHIP provides health insurance to children who (1) are age 18 or under, (2) live in families with incomes below 200 percent of the Federal Poverty Level, (3) are not eligible for Medicaid, (4) are uninsured, and (5) do not have access to insurance that costs less than 5 percent of household income. The Analyst recommends that the Children's Health Insurance Program Line Item in the base budget bill be reduced by (\$1,000,000) ongoing General Fund in FY 2009 and an additional (\$1,000,000) one-time supplemental General Fund reduction from FY 2008.

Nate Checketts voiced his concerns with the Analyst's recommendation by removing the \$1,000,000 ongoing General Fund. He also stated his concerns about the Tobacco Settlement Funds that are not ongoing. Rep McGee asked about H.B.336 for 2009 which keeps the enrollment open. If no action is taken and the budget remains as is, enrollment would stay open until November before closing. The Governor's recommendation is to add \$2,000,000 General Fund to the budget. Rep. Newbold asked what scenario would keep the enrollment open and Mr. Checketts referred to the Governor's budget plan recommendation. Rep. McGee asked for information on paper concerning all three scenarios. The Tobacco Settlement fund was discussed.

18. Medicaid Adult Vision Benefits (for information only)

Analyst Frandsen discussed Issue Brief 09-19-Medicaid Adult Vision Benefits. Last year the Legislature appropriated \$174,000 one-time General Fund (\$605,400 Total Fund) to provide eyeglasses for Medicaid adults. The appropriation included intent language that required a capitated vision benefit system and a \$10.00 co-pay. The federal government did not approve the \$10 co-pay proposal and required an actuarial study, estimated to cost \$50,000, to provide vision services in a capitated system. The Department has indicated that they are waiting further direction from the Legislature to know how to spend these monies. The Department has requested \$250,000 ongoing General Fund (\$877,800 Total Fund) to provide these benefits in FY 2009. The Department of Health was unable to spend appropriated monies from last year to provide Medicaid adults with eyeglasses because of intent language requiring a \$10 co-pay, which the federal government did not approve. The Department could spend these monies, but would need additional Legislative direction on how to

proceed. A \$3 co-pay would be approved by the federal government and could be included as part of the service.

Sen. Christensen asked about the \$3 co-pay and how far will the monies go. Michael Hales addressed this question.

19. FMAP Rate Change (for information only)

The Analyst explained that for FY 2009, Utah's FMAP rate will decrease from 71.26 percent to 70.94 percent based on the state fiscal year. This change will shift \$3,410,000 of federal Medicaid funds to the General Funds.

20. Medicaid Caseload-Utilization Growth (for information only)

Medicaid is the nation's public health insurance program for low-income people. It was initially created to provide medical assistance to individuals and families receiving cash welfare. Over the years, Congress has incrementally expanded the scope of the program. Today, Medicaid is no longer a welfare program; rather, it is a health and long-term care program for a broader population of low-income individuals. The Department originally requested \$2,090,300 ongoing General Fund (\$6,961,000 Total Fund) but has since indicated that they will not need any additional appropriation. The Executive Appropriations Committee is likely to remove the money from the base budget.

MOTION:

Sen. Butters moved to adjourn the meeting. The motion was passed unanimously with Reps. Litvack, Neuenschwander and Urquhart absent for the vote.

The meeting was adjourned at 4:10 pm. by Chair Sen. Christensen.

Sen. Allen Christensen, Co-Chair

Rep. Merlynn T. Newbold, Co-Chair